



**OFFICE OF MANAGEMENT AND BUDGET**

**Information Collection Activities: Proposed Collection;  
Comment Request**

**AGENCY:** Office of Management and Budget, Office of Federal Financial Management.

**ACTION:** Notice; Request for comments.

**SUMMARY:** In accordance with the Paperwork Reduction Act (44 U.S.C. 3501 et seq.), the Office of Management and Budget (OMB) invites the general public and Federal agencies to comment on the renewal of the Standard Form 425, Federal Financial Report and the SF-425A, Federal Financial Report Attachment (collectively known as "the FFR"). The FFR is used in reporting financial information under grants and cooperative agreements. The public was invited to comment on the renewal of the FFR in a notice published in the Federal Register on July 28, 2011 (76 FR 45299). Some of the public comments received in response to July notice resulted in changes to the content of the FFR and FFR instructions. The proposed revised FFR and FFR instructions are at

[http://www.whitehouse.gov/omb/grants\\_standard\\_report\\_forms/](http://www.whitehouse.gov/omb/grants_standard_report_forms/)  
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**DATES:** Comments must be received by [insert date 30 days after notice appears in Federal Register]. Due to potential delays in OMB's receipt and processing of mail sent through the US Postal Service, we encourage respondents to submit comments electronically to ensure timely receipt. We cannot guarantee that comments mailed will be received before the comment closing date.

**ADDRESSES:** Comments may be sent through [regulations.gov](http://regulations.gov), a Federal E-Government Web site that allows the public to find, review, and submit comments on documents that agencies have published in the Federal Register and that are open for comment. Simply type "FFR renewal-2" (in quotes) in the Comment or Submission search box, click Go, and follow the instructions for submitting comments. Comments received by the date specified above will be included as part of the official record.

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**FOR FURTHER INFORMATION CONTACT:** Marguerite Pridgen at the addresses noted above.

Debra J. Bond,  
Deputy Controller.

**SUPPLEMENTARY INFORMATION:**

In the Paperwork Reduction Act notice published on July 28, 2011 [76 FR 45299], OMB requested comments on the Standard Form (SF) 425, Federal Financial Report and Standard Form (SF) 425A, Federal Financial Report Attachment (collectively known as "the FFR"). We received comments from an individual and five organizations. In response to those comments, we made changes to the FFR and FFR instructions. The proposed revised forms are posted at [http://www.whitehouse.gov/omb/grants\\_standard\\_report\\_forms/](http://www.whitehouse.gov/omb/grants_standard_report_forms/). Following is a summary of the comments we received and our responses.

**I. Comments and Responses**

## **A. Agency Implementation**

Comment: Several commenters were in favor of the FFR and considered it to be an improvement over the forms it replaced (i.e., SF-269, SF-269A, SF-272, and SF-272A). However, many commenters expressed concern that agencies were customizing the form and/or form instructions. One commenter stated that Federal agencies don't require them to use the FFR. A state association commented that some programs still require recipients to report using the legacy standard forms SF-269 and SF-272.

Response: No change has been made. We agree that the FFR should be kept uniform by all agencies as much as possible to allow for consistency in preparation by the grantee community. Agencies are permitted to shade out areas that they do not use, but may not add additional data elements without clearance from OMB. The SF-269, SF-269A, SF-272, and SF-272A forms were not renewed by OMB. Agencies may not require recipients to use expired forms. Recipients are not required to respond to Federal information collections that do not have a current and valid OMB approval number. Agencies must ensure they receive OMB approval when required prior to collecting information from recipients.

Comment: A commenter representing a state association commented that the main issue concerning data collection seems to be the lack of standardization across and within Federal agencies regardless of whether the process occurs via forms or other data models. The commenter also stated that if the implementation of the Digital Accountability and Transparency Act of 2011 ("DATA Act") would include reporting of all grant expenditures, it could lead to the elimination of the FFR or other financial reports.

Response: No change has been made. We agree that standardization across and within Federal agencies, whether the process occurs via forms or other data models, improves the information collection process for agencies and recipients. As of the date of this notice, the DATA Act has not been enacted.

Comment: Several commenters raised issues with how agency personnel and systems access and process the FFR. A commenter representing a state association stated that some agency personnel that deal with grant closeout do not always have access to the online reports that have been filed with their system. The recipients then fax or mail the FFR to the granting agency. Another commenter provided details on problems experienced with online submissions of

these forms through the US Department of Health and Human Service's Payment Management System.

Response: Because these issues deal with agency implementation, no change has been made to the form in response to these comments. We have shared the comments with the managers of the Payment Management System who are working to address issues raised by the commenters.

#### **B. Form Content, Instructions, and Format**

Comment: Several commenters stated that the FFR was an improvement over the previous SF-269. One commenter representing a state association stated that the FFR is a more cumbersome report to prepare than the SF-269 due to the more complicated instructions and the fact that both Federal draws and actual Federal expenditures are on the same report.

Response: The general feedback we have received is that the FFR is an improvement over the legacy forms it replaces. In response to several other public comments, we have made changes to the form and form instructions to foster consistency.

Comment: A commenter stated that the instruction for program income on line 10e is incorrect. Specifically, the last sentence in instructions refers to 10o rather than

10m.

Response: We agree and have made a change to the instruction. The last sentence in the instruction for 10e should read "10m" not "10o".

Comment: A commenter stated that Line 101 is confusing by stating "total Federal program income" suggesting it would be clearer to remove the word Federal. As an example, the commenter stated that her grant program is on a reimbursement basis of 75 percent Federal financial participation. So in many instances where program income was earned, the grantee would only report 75 percent of the total amount that the project earned in program income, because that was the Federal portion. In other instances the grantee will report the total amount, so it is not consistent because many interpret the instructions differently.

Response: We agree and have made a change to the instruction. Line 101 is intended to collect the total Federal share of program income earned. Line 101 has been changed to "Total Federal Share of Program Income Earned." The instruction for line 101 has been changed to "Enter the amount of the Federal share of program income earned."

Comment: Several commenters expressed support for certain

features of the FFR form while some commenters expressed support for certain features of the legacy SF-269. For instance, one commenter stated that there was value to having the cumulative totals on the form (SF-269) while another commenter stated that it is better that the cumulative totals not be on the report (FFR). Another commenter stated that "previously reported" and "this period" columns that were on the SF-269 made it simpler to reconcile and monitor the changes over each quarter while another commenter expressed support for the FFR not having these columns. One commenter stated that the FFR doesn't allow for as much oversight on what is occurring financially on each report, such as if any refunds, credits, and type of match, unless the grantee uses the Remarks box. Another commenter expressed support for the indirect expense field being expanded to accommodate split rates.

Response: No change has been made. The feedback we have received since the FFR has been implemented is that it is easier for grantees to complete and for agency staff to review than the SF-269. For example, the intent of a single column on the FFR was to keep the form as simplified as possible and to reduce the reporting burden on grantees. Federal agencies and recipients are still able to use the



data in the form to compute the changes in amounts from the previous report. While we could have added back those columns and other data elements, we are concerned that the burden of collecting and reporting the data may outweigh the utility of the data.

Comment: A commenter from a Federal agency expressed support for the FFR and recommended that OMB clarify its position regarding computation of interest earned on advances of grant funds and add corresponding data elements and instructions to the FFR.

Response: We agree in part with the comment. We have not added any additional data elements to the form in an effort to minimize reporting burden. We will reexamine the need for requiring recipients to report interest when we review other requests for changes to the form.

Recent findings in Federal audits of recipient cash management policies and procedures identified issues concerning the methods that recipients used to compute the amount of interest earned on Federal Cash on Hand.

Auditors found that some recipients subtracted the aggregated amount of disbursements they had made under all of their Federal awards from the aggregated amount of payments they had received from the Government under those

awards to compute the amount of Cash on Hand from all payments, which then became the basis for computing the amount of interest to be remitted. Recipients included in the computation awards paid by the reimbursement method, as well as awards paid by the advance method for which disbursements at the time of the computation exceeded the amount of the advances they had requested and received from the Government. For reimbursement method awards, the recipients had used their own funds to cover cash needs, pending receipt of future payments of Federal funds. The calculated balances of Federal Cash on Hand for those awards were negative, which offset positive balances for other Federal awards and reduced the computed amount of Federal Cash on Hand for all Federal awards in the aggregate. It therefore also reduced the computed amount of interest to be remitted to the Government. In light of these matters, and the commenter's recommendations, we have added an instruction to line 10c "Cash on Hand" to read as follows:

"Use of Aggregated Amounts of Disbursements and Advances. A recipient must compute the amount of Federal Cash on Hand due to undisbursed advance payments using the same basis that it uses in requesting the advances. Therefore, in doing the computation, a recipient may only aggregate the

amounts of its advance payments received and disbursements of Federal funds under multiple awards only if it is authorized to aggregate its requests for advance payments in the same manner. The following examples should help to illustrate what is permissible:

- If a recipient is authorized to consolidate its requests for advance payment for a group of awards—i.e., it requests a single amount to cover its anticipated cash needs for the awards in the aggregate, then it may similarly compute the Cash on Hand by subtracting the aggregated amount of disbursements from the aggregated amount of the advances received for those awards.
- If the same recipient is required to request payment individually for other Federal awards, it must compute the Cash on Hand for each of those awards on an award by award basis and correspondingly report these awards on separate FFRs.

Exclusion of Negative Balances of Cash on Hand. In computing the total amount of Cash on Hand for its Federal awards in the aggregate, a recipient must exclude any negative balance of Federal Cash on Hand for an individual award or for a group of awards paid through a consolidated payment request. This includes each award paid by the

reimbursement method and any award using the advance method that has disbursements in excess of advances received to date. The computation must include only positive balances of cash on hand."

On the form itself, we added the word "combined" to the instruction line 10 "Transactions" which now reads "*(Use lines a-c for single or combined multiple grant reporting)*" and added the word "separately" to the instruction for Federal Cash which now reads "Federal Cash (To report multiple grants separately, also use FFR Attachment)."

Comment: A commenter expressed concern with the limited amount of space available on the FFR for inputting data such as dates and indirect cost information.

Response: We have not made changes to the form. The Excel version of the FFR on the OMB Website is the recommended version to use since it allows the reporter to adjust the cell and column sizes as appropriate. As all agencies move to electronic entry and submission, this problem should cease to be an issue.

### **C. Timing of Submission**

Comment: A commenter stated that quarterly reporting on the FFR is better for reconciling the grant close-out because it is cumulative for all the grant years included

with each letter of credit. However, there is an issue with timing because of transactions that occur before the grant closing, but that are not reported until the financial department's reporting quarter end date. The cash transactions portion of the SF-425 is still quarterly, but is populated more quickly for reference during the process of reconciling a grant for close-out.

Response: No change has been made. This particular issue was raised in the commenter's discussion of how the US Department of Health and Human Services' Payment Management System processes the reports and was referred to the system manager for review.

Comment: A commenter stated that FFR due date (the 30th following the end of the quarter) is the same day or 15 days prior to several Federal reports' due date, which is 45 days. The commenter stated that this is problematic because it forces the grantee to report draws or prior quarter disbursements rather than current, and the commenter has not been able to consistently determine if the report can be amended during the quarter.

Response: No change has been made. The report may not be amended during the quarter. The grantee has 30 days past the quarter end date to report expenditures. If

information reported is not current, the grantee is able to report remaining expenditures on the following quarter.

#### **D. Reporting Burden**

Comment: Several commenters expressed concern that FFR does not lessen their reporting burden.

Response: No change has been made. The FFR is the combination of the SF-272 and SF-269 forms streamlined into one form. The consensus has been that recipients prefer to fill out one form instead of two. We recognize that a recipient may be required to report additional financial data through other collection instruments, and we are seeking ways to reduce overall reporting burden in the future by scrutinizing agency requests to collect this additional financial data.

#### **II. Next Steps**

Once the revised FFR is approved by OMB, agencies shall adopt it for use on their grants and cooperative agreements, and where appropriate, on other assistance agreements. Agencies that use customized (non-standard) forms to collect financial data from their recipients should discuss the need to continue use of the customized forms with OMB's Office of Federal Financial Management prior to seeking clearance or renewal from OMB's Office of

Information and Regulatory Affairs.

OMB Control No.: 0348-0061

Title: Federal Financial Report

Form No.: SF-425, SF-425A

Type of Review: Renewal of a currently approved collection

Respondents: States, Local Governments, Universities, Non-Profit Organizations

Number of Responses: 1,200,000

Estimated Time Per Response: 60 minutes

Needs and Uses: The SF-425 is used to collect financial information for recipients of grants and cooperative agreements and related transactions under nonconstruction grant programs.

BILLING CODE: 3110-01

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